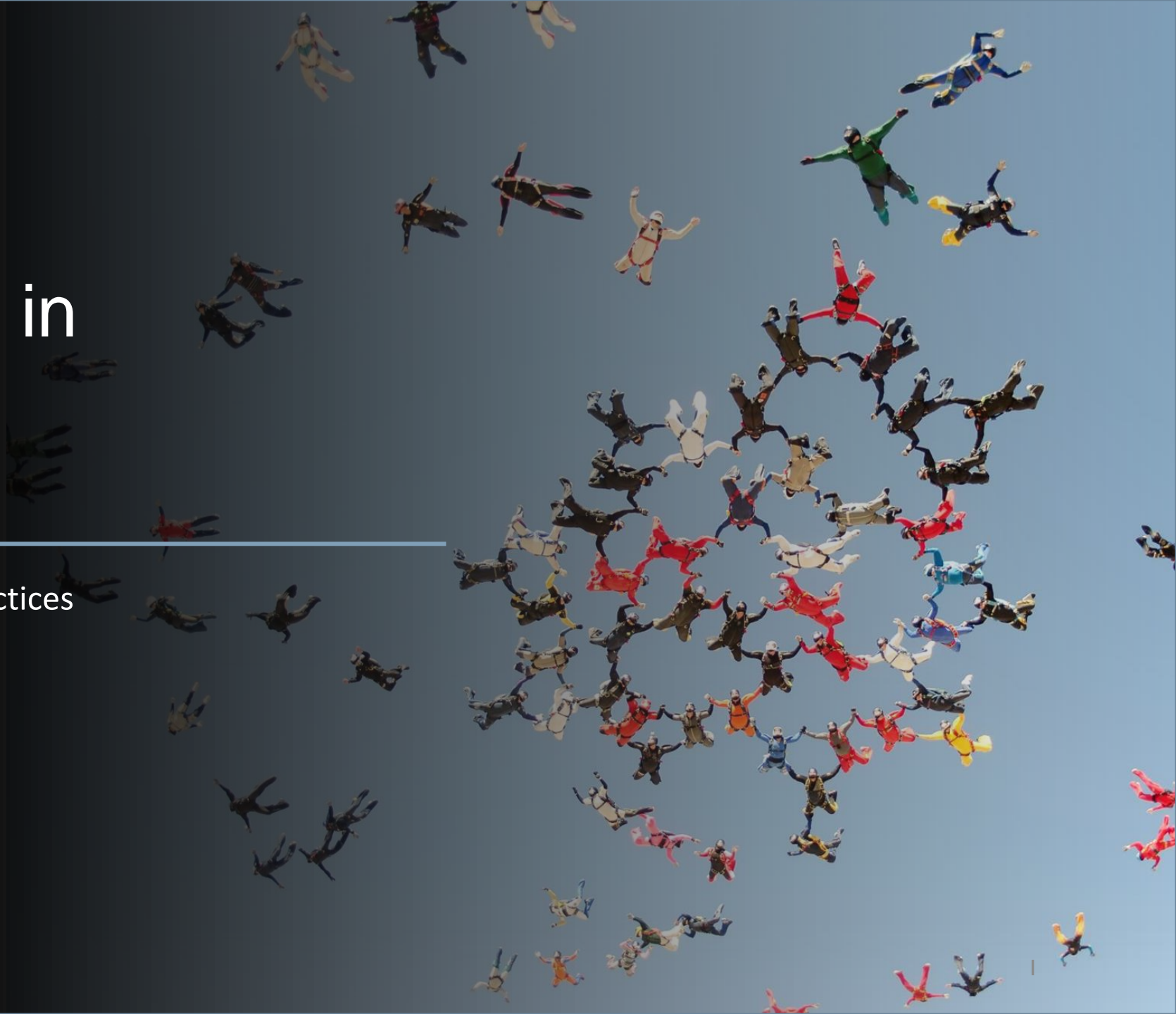


Communication and Leadership in Enterprise Risk Management

Research on risk professionals' practices
for increasing effectiveness

GetPublished! 2021

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Enterprise Risk Management

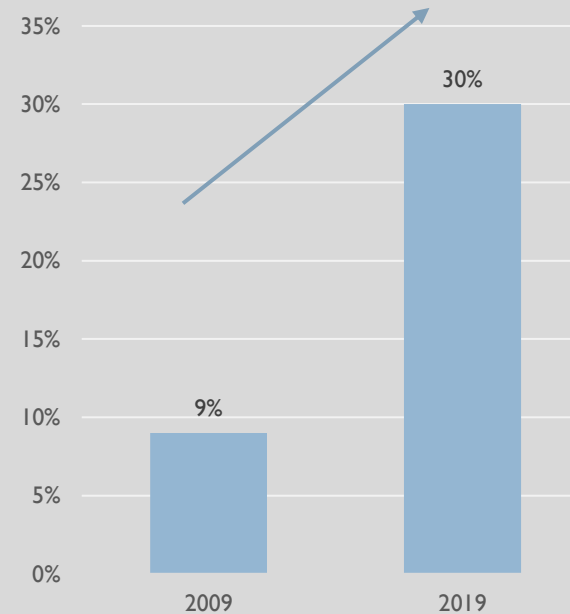
What is Enterprise Risk Management (ERM)?

- Holistic view of all types of risks
- Enterprise level
- Strategic perspective

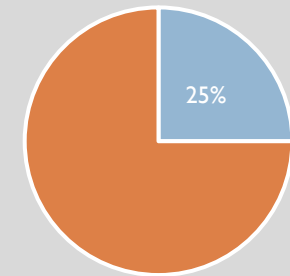
When is it effective?

- Supports risk-based or risk-informed decision in a disciplined way throughout the organization
- Incorporate the company's objectives and capabilities

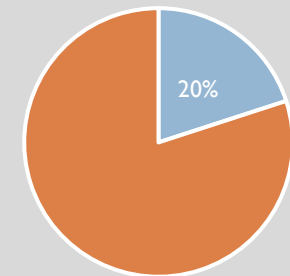
Companies with an ERM



Mature/robust ERM



Strategic relevance



Based on Beasley et al. (2019)

Communication and Leadership

ERM is a change management Initiative rather than a framework

(Fraser and Simkins, 2016; McShane; 2018)



- **Independent facilitators role:**
 - Lack of formal power
 - Avoid influencing formal decision-making
 - Set agendas for highly interactive risk management discussions
 - Facilitate risk communication up, down, across the organisation
- **Multiple stakeholder groups:**
 - Understand their objectives
 - Gain their input to risk management processes, ownership of outputs

The Research

Explorative qualitative design

- Semi-structured interviews
- Senior and leadership positions in Germany

Inductive approach to theory development

- Understand and connect risk practitioners' individual perception to the organisational context

Praxeological perspective

- Practices as routinised patterns of behaviour, based, among others, on the practitioner's worldview

Strength and limitations

- Identification of **everyday challenges** and discussion of causes and consequences
- Researcher has an **advanced understanding** of the risk practitioners' challenges, perspectives, practices
- **Concrete, practical knowledge** from the intimate experience of a homogeneous group of practitioners
- **Narrow scope**, no consideration of drivers from cultural or globalisation aspects

Effective Practices

Shared Knowledge	Value Creation	Leadership	Relationship Management
Develop shared understanding	Strengthen transparency	Strengthen influence	Building trust
Educate stakeholders	Leveraging information	Foster dialogue and direction	Partnering with business units
Visualising risk methods	Enhance perspectives	Manage tensions	Building relationships



Challenges

Change resistance

Biases

Knowledge domains

Appreciation of ERM

Low commitment

Political/social concerns

Implications

Gaining and using power

- **Referent power:** emphasise collaboration and communication
- **Expert power:** Openly share risk perspective, understand the business
- **Informal networks:** reshape and improve how ERM is perceived

Increasing influence

- **Communicate assertively,** balance independence and involvement
- **Identify relevant stakeholders** and their interests
- **Customise** communication, e.g. presentation, experimenting

Knowledge across boundaries

- **Diversity of thoughts:** acknowledge different perspectives
- **Common lexicon:** develop and apply business language
- **Boundary objects** (Star, 1989), e.g. visualisation and risk tools

Thanks for your attention

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